

to companies in our country and also to speak about U.S. policy toward Russia and Ukraine, particularly as it relates to a sector critical to long-term stability in those nations, agriculture and sustainable food production.

Mr. Chairman, sadly and incredibly, U.S. policy toward Russia and Ukraine have ignored agriculture and those nations governments are not inclined to pursue a path toward reform without prodding. U.S. policies have not only failed to elevate agriculture's importance as a key economic and social transformation mechanism; but our actions have generally supported the old order, rather than the new, and have been seriously deficient in meeting the basic needs of villagers and small holders who are raising the majority of food in both nations.

It is my intent to be very brief; however, I want to state for the record that students of history will attest, the economic and social systems of the former Soviet state were premised on the production of collective farms and the distribution of their earnings to social welfare concerns within those countries, everything from schools to hospitals. Thus, agriculture was more than a sidebar activity in the former Soviet Union. It was the spine of the economy.

When the Soviet system collapsed, the West made a very serious, and I might add continuing mistake, in its efforts to help those nations reform and transform. It has largely ignored agriculture. How myopic. Any serious effort to transform the economies of those nations must be rooted in the countryside.

Mr. Chairman, not only have the fundamentals of agricultural reform been largely absent from U.S. policy initiatives toward Russia and Ukraine, some of the steps we have taken have been absolutely wrong-headed. In Russia, for example, the direct food aid provided through AID and USAID has largely supported the very parastatal entities that still control production.

A year ago, when the U.S. Government, without a vote of this Congress, sent over \$1 billion of food aid to Russia, there was no agreement that the proceeds of the sale of those commodities would be used for reform in the rural countryside. In fact, the proceeds are being deposited in the Russian pension fund, an account over which we have no control, no voice, no oversight.

Similarly in Ukraine, millions of dollars have been directed to what one can politely call the establishment, but not to people desperately trying to eke out a living. Take the issue of U.S. tractor sales to Ukraine. The sales were conducted through the government of Ukraine. Those tractors, which each cost \$100,000 more than they would have cost in the free enterprise system, could only be afforded by the old collectives, not the humble entrepreneurs and women villagers in babushkas struggling to restore Ukraine as the breadbasket of that region.

Whether the West likes to admit it or not, the vast majority of food being produced in those countries is now occurring on the small holder plots, largely tilled by older women. Nothing from our billions of dollars have ever reached these deserving people.

Somebody somewhere better pay attention to what is happening in Russian and Ukraine. The West's media is captivated by the goings on in Moscow and Kiev and the political intrigue surrounding who the next prime minister or president will be.

I will tell my colleagues, put on your mud boots and walk into the countryside where the pain gets deeper. Who is paying attention to the fact that 70 percent to 80 percent of the diet of ordinary citizens in Russia and Ukraine is bread and potatoes?

It is my intention, Mr. Chairman, to withdraw this amendment.

Mr. Chairman, I want to put my statement in the RECORD. I am going to submit everything that has gone wrong in terms of aide assistance to Russia and Ukraine since independence was granted there.

I want to use this opportunity to speak about U.S. policy toward Russia and Ukraine, particularly as relates to a sector critical to long term stability in those nations—agriculture and sustainable food production. Sadly, incredibly, U.S. policy toward Russia and Ukraine have ignored agriculture. And, those nations' governments are not inclined to pursue a reform path without prodding.

U.S. policies have not only failed to elevate agriculture's importance as a key to economic and social transformation. But our actions have generally supported the old order rather than the new, and have been seriously deficient in meeting the basic needs of villagers and small holders who are raising the majority of food in both nations.

As students of history will attest, the economic and social systems of the former Soviet state were premised on the production of collective farms and the distribution of their earnings to social welfare concerns within the state—everything from schools to hospitals. Thus, agriculture was more than a sidebar issue in the former Soviet Union. It was spine of the economy. When the Soviet system collapsed, the west made a very serious—and I might add continuing—mistake in its efforts to help those nations reform and transform. It has largely ignored agriculture. How myopic. Any serious effort to transform the economies of these nations must be rooted in the countryside.

Not only have the fundamentals of agricultural reform been largely absent from U.S. policy initiatives toward Russia and Ukraine, some of the steps we have taken have been absolutely wrong headed. In Russia, for example, the direct food aid provided through AID and USDA has largely supported the very parastatal entities that still control production. A year ago, when the U.S. government, without a vote of the Congress, sent over \$1 billion in food aid to Russia, there was no agreement that the proceeds of the sale of those commodities would be used for reform in the rural countryside. In fact, the proceeds are being deposited in the Russian Pension fund—an account over which we have no control, no voice, no oversight.

Similarly, in Ukraine, millions of dollars have been directed to what one can politely call the establishment, but not to people desperately trying to eke out a living. Take the issue of U.S. tractor sales to Ukraine. The sales were conducted through the government of Ukraine. Those tractors, which each cost \$100,000 more than they would have cost in a free enterprise system, could only be afforded by the old collectives, not the humble entrepreneurs and women villagers in babushkas struggling to restore Ukraine as the breadbasket of that region.

Whether the West likes to admit it or not, the vast majority of food being produced in those countries is now occurring on the small holder plots, largely tilled by older women. Nothing from our billions of dollars have even reached these deserving people.

Somebody somewhere better pay attention to what is happening in Russia and Ukraine. The West's media is captivated by the goings on in Moscow and Kiev, and the political intrigue surrounding who the next prime minister or president might be. But I will tell you, put on your mud boots, and walk into the countryside where the pain gets deeper. Who's paying attention to the fact that 70 to 80 percent of the diet of ordinary citizens of Russia and Ukraine is bread and potatoes. Caloric intake is going down. If the price of bread rises, political unrest is not far behind.

Time and again, the people of those nations go waiting and wanting, while assistance from the West misses the mark—

In Russia, the Russian Rural Credit Fund that could help real Russian farmers develop private operations goes waiting and wanting for cash, while U.S. assistance flows into government coffers;

In Ukraine, in 1995, the U.S. government gave \$3.6 million in commodities through Land O'Lakes to help Ukraine. The proceeds were to be used to help Ukrainian agriculture. But it didn't happen. For all these years, the U.S. government has tried to settle this matter, the latest offer being \$1 million for settlement. Promises of payment were made last fall. Then last December, I personally asked newly reelected President Kuchma to intervene in this matter. Last winter, when I traveled to Ukraine, I left a similar request with the Prime Minister's office. Promises were made again when I held a meeting this year between USDA Secretary Dan Glickman and the Ukrainian Ambassador. But these promises have not resulted in performance. Instead, we have seen letter after letter, phone call after phone call, argument after argument about whether or not the right documents have been exchanged or the correct contact number has been referenced.

Meanwhile, in Ukraine, the grandmas in babushkas who till the fields, and literally feed that nation, don't even have good shovels or seed. They get no real help either from the West or from the government of Ukraine. What kind of wrong headedness is this? Frankly, we'd be better off to send them seed packets and small rototillers with enough fuel to make it through the planting season. It would be more practical and hit a home run where it matters.

Our own Agency of International Development ignores the fact that agriculture depends upon seasons. There is a time to plant, a time to nourish, and a time to harvest. No one of us can change this natural timetable. So why